



DEPARTMENT OF COMMERCE
Foreign-Trade Zones Board
[B-38-2021]

Foreign-Trade Zone (FTZ) 134 – Proposed Production Activity; Chattanooga, Tennessee, Volkswagen Group of America Chattanooga Operations, LLC (Passenger Motor Vehicles); Chattanooga, Tennessee

Volkswagen Group of America Chattanooga Operations, LLC (Volkswagen), submitted a notification of proposed production activity to the FTZ Board for its facility in Chattanooga, Tennessee. The notification conforming to the requirements of the regulations of the FTZ Board (15 CFR 400.22) was received on May 6, 2021.

Volkswagen already has authority to produce passenger motor vehicles within within FTZ 134. The current request would add foreign status materials/components to the scope of authority. Pursuant to 15 CFR 400.14(b), additional FTZ authority would be limited to the specific foreign-status materials/components described in the submitted notification (as described below) and subsequently authorized by the FTZ Board.

Production under FTZ procedures could exempt Volkswagen from customs duty payments on the foreign-status materials/components used in export production. On its domestic sales, for the foreign-status materials/components noted below, Volkswagen would be able to choose the duty rates during customs entry procedures that applies to passenger motor vehicles (duty rate 2.5%). Volkswagen would be able to avoid duty on foreign-status components which become scrap/waste. Customs duties also could possibly be deferred or reduced on foreign-status production equipment.

The materials/components sourced from abroad include: sound absorbers (bitumen film hot melt adhesive); polycrystalline fiber nonwoven mats; and, steel seal gaskets (duty rate ranges from 2.7% to 4.3%). The request indicates that certain materials/components are subject to duties under Section 232 of the Trade Expansion

Act of 1962 (Section 232) or Section 301 of the Trade Act of 1974 (Section 301), depending on the country of origin. The applicable Section 232 and Section 301 decisions require subject merchandise to be admitted to FTZs in privileged foreign status (19 CFR 146.41).

Public comment is invited from interested parties. Submissions shall be addressed to the Board's Executive Secretary and sent to: ftz@trade.gov. The closing period for their receipt is **[INSERT DATE 40 DAYS AFTER DATE OF PUBLICATION IN THE FEDERAL REGISTER]**.

A copy of the notification will be available for public inspection in the "Reading Room" section of the Board's website, which is accessible via www.trade.gov/ftz.

For further information, contact Christopher Wedderburn at Chris.Wedderburn@trade.gov.

Dated: May 11, 2021.

Andrew McGilvray,
Executive Secretary.

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